



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-2046/P2
TKK&JK:kjf:rs

P3

RH not R

DOA:.....Weidner, BB - Jobs Tax Credit

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

in 2-11-09

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1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau
COMMERCE AND ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT

Under current law, Commerce may certify persons and businesses who agree to undertake certain eligible activities to be eligible for tax benefits. Eligible activities include job creation, environmental remediation, and capital investment.

This bill creates the Jobs Tax Benefit. A person may be certified to receive tax benefits under this program if the person operates or intends to operate a business in Wisconsin, will increase its net employment of full-time employees in Wisconsin, and will pay annual wages to a full-time employee for whom the person claims tax benefits of at least \$20,000 in Tier I counties or municipalities and at least \$30,000 in Tier II counties or municipalities. A person certified under the program may receive per-employee tax benefits of up to 10 percent of the wages paid to a full-time employee who earns wages of at least \$20,000 but not more than \$100,000 if employed in a Tier I county or municipality and who earns wages of at least \$30,000 but not more than \$150,000 if employed in a Tier II county or municipality. A person certified under the program may also receive tax benefits for providing job training to its employees. The bill requires Commerce to promulgate rules defining Tier I and Tier II counties and municipalities and establishing conditions for the revocation of a certification and the repayment of tax benefits.

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TAXATION**INCOME TAXATION**

This bill allows a business to claim an income and franchise tax credit in an amount up to 10 percent of the wages that the business paid in the taxable year to certain full-time employees, as determined by Commerce. A business may also claim a credit for the costs it incurred for certain job-related training. If the amount of the taxpayer's credits exceed the taxpayer's tax liability, the taxpayer receives a refund.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.835 (2) (bb) of the statutes is created to read:

2 20.835 (2) (bb) *Jobs tax credit.* The amounts in the schedule to make the
3 payments under ss. 71.07 (3q) (d) 2., 71.28 (3q) (d) 2., and 71.47 (3q) (d) 2.

 ****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

4 **SECTION 2.** 71.05 (6) (a) 15. of the statutes is amended to read:

5 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
6 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3h), (3n), (3p), (3q), (3s), (3t), (3w),
7 (5e), (5f), (5h), (5i), (5j), and (5k) and not passed through by a partnership, limited
8 liability company, or tax-option corporation that has added that amount to the
9 partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or
10 71.34 (1k) (g).

11 **SECTION 3.** 71.07 (3q) of the statutes is created to read:

12 71.07 (3q) **JOBS TAX CREDIT.** (a) *Definitions.* In this subsection:

13 1. "Claimant" means a person certified to receive tax benefits under s. 560.2055
14 (2).

15 2. "Eligible employee" means an eligible employee under s. 560.2055 (1) (b) who
16 satisfies the wage requirements under s. 560.2055 (3) (a) or (b).

(b) *Filing claims.* Subject to the limitations provided in this subsection and s. 560.2055, for taxable years beginning after December 31, 2011, a claimant may claim as a credit against the taxes imposed under s. 71.02 any of the following.

1. The amount of wages that the claimant paid to an eligible employee in the taxable year, not to exceed 10 percent of such wages, as determined by the department of commerce under s. 560.2055.

2. The amount of the costs incurred by the claimant in the taxable year, as determined under s. 560.2055, to undertake the training activities described under s. 560.2055 (3) (c).

(c) *Limitations.* Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

(d) *Administration.* 1. Section 71.28 (4) (e), (g), and (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection.

2. If the allowable amount of the claim under par. (b) exceeds the tax otherwise due under s. 71.02, the amount of the claim not used to offset the tax due shall be certified by the department of revenue to the department of administration for payment by check, share draft, or other draft drawn from the appropriation account under s. 20.835 (2) (bb).

SECTION 4. 71.10 (4) (i) of the statutes is amended to read:

2. No credit may be allowed under this subsection unless the claimant includes with the claimant's return a copy of the claimant's certification for tax benefits under s. 560.2055 (2).

1 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
2 preservation credit under subch. IX, homestead credit under subch. VIII, farmland
3 tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s.
4 71.07 (2fd), dairy manufacturing facility investment credit under s. 71.07 (3p), jobs
5 tax credit under s. 71.07 (3q), film production services credit under s. 71.07 (5f) (b)
6 2., veterans and surviving spouses property tax credit under s. 71.07 (6e), enterprise
7 zone jobs credit under s. 71.07 (3w), earned income tax credit under s. 71.07 (9e),
8 estimated tax payments under s. 71.09, and taxes withheld under subch. X.

9 **SECTION 5.** 71.21 (4) of the statutes is amended to read:

10 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
11 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3h), (3n), (3p), (3q), (3s), (3t), (3w), (5e), (5f),
12 (5g), (5h), (5i), (5j), and (5k) and passed through to partners shall be added to the
13 partnership's income.

14 **SECTION 6.** 71.26 (2) (a) 4. of the statutes is amended to read:

15 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
16 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3g), (3h), (3n), (3p), (3q), (3t), (3w), (5e),
17 (5f), (5g), (5h), (5i), (5j), and (5k) and not passed through by a partnership, limited
18 liability company, or tax-option corporation that has added that amount to the
19 partnership's, limited liability company's, or tax-option corporation's income under
20 s. 71.21 (4) or 71.34 (1k) (g).

21 **SECTION 7.** 71.28 (3q) of the statutes is created to read:

22 71.28 (3q) JOBS TAX CREDIT. (a) *Definitions.* In this subsection:

23 1. "Claimant" means a person certified to receive tax benefits under s. 560.2055

24 (2).

2. "Eligible employee" means an eligible employee under s. 560.2055 (1) (b) who satisfies the wage requirements under s. 560.2055 (3) (a) or (b).

(b) *Filing claims.* Subject to the limitations provided in this subsection and s. 560.2055, for taxable years beginning after December 31, 2011, a claimant may claim as a credit against the taxes imposed under s. 71.23 any of the following:

1. The amount of wages that the claimant paid to an eligible employee in the taxable year, not to exceed 10 percent of such wages, as determined by the department of commerce under s. 560.2055.

2. The amount of the costs incurred by the claimant in the taxable year, as determined under s. 560.2055, to undertake the training activities described under s. 560.2055 (3) (c).

(c) *Limitations.* Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

(d) *Administration.* 1. Subsection (4) (e), (g), and (h), as it applies to the credit under sub. (4), applies to the credit under this subsection.

2. If the allowable amount of the claim under par. (b) exceeds the tax otherwise due under s. 71.23, the amount of the claim not used to offset the tax due shall be certified by the department of revenue to the department of administration for

2. No credit may be allowed under this subsection unless the claimant includes with the claimant's return a copy of the claimant's certification for tax benefits under s. 560.2055(2).

1 payment by check, share draft, or other draft drawn from the appropriation account
2 under s. 20.835 (2) (bb).

3 **SECTION 8.** 71.30 (3) (f) of the statutes is amended to read:

4 71.30 **(3)** (f) The total of farmers' drought property tax credit under s. 71.28
5 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
6 s. 71.28 (2m), dairy manufacturing facility investment credit under s. 71.28 (3p), jobs
7 tax credit under s. 71.28 (3q), enterprise zone jobs credit under s. 71.28 (3w), film
8 production services credit under s. 71.28 (5f) (b) 2., and estimated tax payments
9 under s. 71.29.

10 **SECTION 9.** 71.34 (1k) (g) of the statutes is amended to read:

11 71.34 **(1k)** (g) An addition shall be made for credits computed by a tax-option
12 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),
13 (3h), (3n), (3p), (3q), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), and (5k) and passed
14 through to shareholders.

15 **SECTION 10.** 71.45 (2) (a) 10. of the statutes is amended to read:

16 71.45 **(2)** (a) 10. By adding to federal taxable income the amount of credit
17 computed under s. 71.47 (1dd) to (1dx), (3h), (3n), (3p), (3q), (3w), (5e), (5f), (5g), (5h),
18 (5i), (5j), and (5k) and not passed through by a partnership, limited liability company,
19 or tax-option corporation that has added that amount to the partnership's, limited
20 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k)
21 (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

22 **SECTION 11.** 71.47 (3q) of the statutes is created to read:

23 71.47 **(3q)** JOBS TAX CREDIT. (a) *Definitions.* In this subsection:

24 1. "Claimant" means a person certified to receive tax benefits under s. 560.2055

25 (2).

1 2. "Eligible employee" means an eligible employee under s. 560.2055 (1) (b) who
2 satisfies the wage requirements under s. 560.2055 (3) (a) or (b).

3 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
4 560.2055, for taxable years beginning after December 31, 2011, a claimant may claim
5 as a credit against the taxes imposed under s. 71.43 any of the following:

6 1. The amount of wages that the claimant paid to an eligible employee in the
7 taxable year, not to exceed 10 percent of such wages, as determined by the
8 department of commerce under s. 560.2055.

9 2. The amount of the costs incurred by the claimant in the taxable year, as
10 determined under s. 560.2055, to undertake the training activities described under
11 s. 560.2055 (3) (c).

12 (c) *Limitations.* Partnerships, limited liability companies, and tax-option
13 corporations may not claim the credit under this subsection, but the eligibility for,
14 and the amount of, the credit are based on their payment of amounts under par. (b).
15 A partnership, limited liability company, or tax-option corporation shall compute
16 the amount of credit that each of its partners, members, or shareholders may claim
17 and shall provide that information to each of them. Partners, members of limited
18 liability companies, and shareholders of tax-option corporations may claim the
19 credit in proportion to their ownership interests.

20 (d) *Administration.* 1. Section 71.28 (4) (e), (g), and (h), as it applies to the
21 credit under s. 71.28 (4), applies to the credit under this subsection.

22 2. If the allowable amount of the claim under par. (b) exceeds the tax otherwise
23 due under s. 71.43, the amount of the claim not used to offset the tax due shall be
24 certified by the department of revenue to the department of administration for

2. No credit may be allowed under this subsection unless the
claimant includes with the claimant's return a copy of the claimant's
certification for tax benefits under s. 560.2055 (2).

1 payment by check, share draft, or other draft drawn from the appropriation account
2 under s. 20.835 (2) (bb).

3 **SECTION 12.** 71.49 (1) (f) of the statutes is amended to read:

4 71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47
5 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
6 s. 71.47 (2m), dairy manufacturing facility investment credit under s. 71.47 (3p), jobs
7 tax credit under s. 71.47 (3q), enterprise zone jobs credit under s. 71.47 (3w), film
8 production services credit under s. 71.47 (5f) (b) 2., and estimated tax payments
9 under s. 71.48.

10 **SECTION 13.** 77.92 (4) of the statutes is amended to read:

11 77.92 (4) "Net business income," with respect to a partnership, means taxable
12 income as calculated under section 703 of the Internal Revenue Code; plus the items
13 of income and gain under section 702 of the Internal Revenue Code, including taxable
14 state and municipal bond interest and excluding nontaxable interest income or
15 dividend income from federal government obligations; minus the items of loss and
16 deduction under section 702 of the Internal Revenue Code, except items that are not
17 deductible under s. 71.21; plus guaranteed payments to partners under section 707
18 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
19 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3h), (3s), (3n), (3p), (3q), (3t), (3w),
20 (5e), (5f), (5g), (5h), (5i), (5j), and (5k); and plus or minus, as appropriate, transitional
21 adjustments, depreciation differences, and basis differences under s. 71.05 (13), (15),
22 (16), (17), and (19); but excluding income, gain, loss, and deductions from farming.
23 "Net business income," with respect to a natural person, estate, or trust, means profit
24 from a trade or business for federal income tax purposes and includes net income

1 derived as an employee as defined in section 3121 (d) (3) of the Internal Revenue
2 Code.

3 **SECTION 14.** 560.2055 of the statutes is created to read:

4 **560.2055 Jobs tax credit. (1) DEFINITIONS.** In this section:

5 (a) 1. Except as provided in subd. 2., "business" means any organization or
6 enterprise operated for profit, including a proprietorship, partnership, firm,
7 business trust, joint venture, syndicate, corporation, limited liability company, or
8 association.

9 2. "Business" does not include a store or shop in which retail sales is the
10 principal business.

11 (b) "Eligible employee" means a person employed in a full-time job by a person
12 certified under sub. (2).

13 (c) "Full-time job" means a regular, nonseasonal full-time position in which an
14 individual, as a condition of employment, is required to work at least 2,080 hours per
15 year, including paid leave and holidays, and for which the individual receives pay
16 that is equal to at least 150 percent of the federal minimum wage and benefits that
17 are not required by federal or state law. "Full-time job" does not include initial
18 training before an employment position begins.

19 (d) "Tax benefits" means the jobs tax credit under ss. 71.07 (3q), 71.28 (3q), and
20 71.47 (3q).

21 **(2) CERTIFICATION.** The department may certify a person to receive tax benefits
22 under this section if all of the following apply:

23 (a) The person is operating or intends to operate a business in this state.

24 (b) The person applies under this section and enters into a contract with the
25 department.

1 (3) ELIGIBILITY FOR TAX BENEFITS. A person certified under sub. (2) may receive
2 tax benefits under this section if, in each year for which the person claims tax benefits
3 under this section, the person increases net employment in the person's business and
4 one of the following apply:

5 (a) In a tier I county or municipality, an eligible employee for whom the person
6 claims a tax credit will earn at least \$20,000 ^{but not more than \$100,000} in wages from the person in the year for
7 which the credit is claimed.

8 (b) In a tier II county or municipality, an eligible employee for whom the person
9 claims a tax credit will earn at least \$30,000 ^{but not more than \$100,000} in wages from the person in the year for
10 which the credit is claimed.

11 (c) In a tier I county or municipality or a tier II county or municipality, the
12 person improves the job-related skills of any eligible employee, trains any eligible
13 employee on the use of job-related new technologies, or provides job-related training
14 to any eligible employee whose employment with the person represents the
15 employee's first full-time job.

16 (4) DURATION, LIMITS, AND EXPIRATION. (a) The certification of a person under
17 sub. (2) may remain in effect for no more than 10 cumulative years.

18 (b) 1. The department may award to a person certified under sub. (2) tax
19 benefits for each eligible employee in an amount equal to up to 10 percent of the
20 wages paid by the person to that employee if that employee earned wages in the year
21 for which the tax benefit is claimed equal to one of the following:

22 a. In a tier I county or municipality, at least \$20,000 but not more than
23 \$100,000.

24 b. In a tier II county or municipality, at least \$30,000 but not more than
25 \$100,000.

1 2. The department may award to a person certified under sub. (2) tax benefits
2 in an amount to be determined by the department by rule for costs incurred by the
3 person to undertake the training activities described in sub. (3) (c).

4 (c) The department may allocate up to \$10,000,000 in tax benefits under this
5 section in any calendar year.

6 **(5) DUTIES OF THE DEPARTMENT.** (a) The department of commerce shall notify
7 the department of revenue when the department of commerce certifies a person to
8 receive tax benefits.

9 (b) The department of commerce shall notify the department of revenue within
10 30 days of revoking a certification made under sub. (2).

11 (c) The department may require a person to repay any tax benefits the person
12 claims for a year in which the person failed to maintain employment required by an
13 agreement under sub. (2) (b).

14 (d) The department shall determine the maximum amount of the tax credits
15 under ss. 71.07 (3q), 71.28 (3q), and 71.47 (3q) that a certified business may claim
16 and shall notify the department of revenue of this amount.

17 (e) The department shall annually verify the information submitted to the
18 department by the person claiming tax benefits under ss. 71.07 (3q), 71.28 (3q), and
19 71.47 (3q).

20 (f) The department shall promulgate rules for the implementation and
21 operation of this section, including rules relating to the following:

22 1. The definitions of a tier I county or municipality and a tier II county or
23 municipality. The department may consider all of the following information when
24 establishing the definitions required under this subdivision:

25 a. Unemployment rate.

1 b. Percentage of families with incomes below the poverty line established under
2 42 USC 9902 (2).

3 c. Median family income.

4 d. Median per capita income.

5 e. Other significant or irregular indicators of economic distress, such as a
6 natural disaster or mass layoff.

7 2. A schedule of additional tax benefits for which a person who is certified under
8 sub. (2) and who incurs costs related to job training under sub. (3) (c) may be eligible.

9 3. Conditions for the revocation of a certification under par. (b).

10 4. Conditions for the repayment of tax benefits under par. (c).

11 **SECTION 9110. Nonstatutory provisions; Commerce.**

12 (1) JOBS TAX BENEFIT; EMERGENCY RULES. The department of commerce may use
13 the procedure under section 227.24 of the statutes to promulgate rules under section
14 560.2055 (5) (f) of the statutes, as created by this act. Notwithstanding section
15 227.24 (1) (c) and (2) of the statutes, emergency rules promulgated under this
16 subsection remain in effect until July 1, 2010, or the date on which permanent rules
17 take effect, whichever is sooner. Notwithstanding section 227.24 (1) (a) and (3) of the
18 statutes, the department is not required to provide evidence that promulgating a rule
19 under this subsection as an emergency rule is necessary for the preservation of the
20 public peace, health, safety, or welfare and is not required to provide a finding of
21 emergency for a rule promulgated under this subsection.

22 (2) JOBS TAX BENEFIT; ECONOMIC IMPACT REPORT. Notwithstanding sections
23 227.137 (2) and 227.138 (2) of the statutes, if the secretary of administration requires
24 the department of commerce to prepare an economic impact report for the rules
25 required under section 560.2055 (5) (f) of the statutes, as created by this act, the

1 department may submit the proposed rules to the legislature for review under
2 section 227.19 (2) of the statutes before the department completes the economic
3 impact report and before the department receives a copy of the report and approval
4 under section 227.138 (2) of the statutes.

5 **SECTION 9443. Effective dates; Revenue.**

6 (1) JOBS TAX CREDIT. The treatment of section 20.835 (2) (bb) of the statutes takes
7 effect on January 1, 2012.

8 (END)



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-2046/P3
TKK&JK:kjf:jf

DOA:.....Weidner, BB - Jobs Tax Credit

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

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ECONOMIC DEVELOPMENT

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This bill allows a business to claim an income and franchise tax credit in an amount up to 10 percent of the wages that the business paid in the taxable year to certain full-time employees, as determined by Commerce. A business may also claim a credit for the costs it incurred for certain job-related training. If the amount of the taxpayer's credits exceed the taxpayer's tax liability, the taxpayer receives a refund.

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 ****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

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1 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
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3 as a credit against the taxes imposed under s. 71.02 any of the following.

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5 taxable year, not to exceed 10 percent of such wages, as determined by the
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7 2. The amount of the costs incurred by the claimant in the taxable year, as
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9 s. 560.2055 (3) (c).

10 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option
11 corporations may not claim the credit under this subsection, but the eligibility for,
12 and the amount of, the credit are based on their payment of amounts under par. (b).
13 A partnership, limited liability company, or tax-option corporation shall compute
14 the amount of credit that each of its partners, members, or shareholders may claim
15 and shall provide that information to each of them. Partners, members of limited
16 liability companies, and shareholders of tax-option corporations may claim the
17 credit in proportion to their ownership interests.

18 2. No credit may be allowed under this subsection unless the claimant includes
19 with the claimant's return a copy of the claimant's certification for tax benefits under
20 s. 560.2055 (2).

21 (d) *Administration.* 1. Section 71.28 (4) (e), (g), and (h), as it applies to the
22 credit under s. 71.28 (4), applies to the credit under this subsection.

23 2. If the allowable amount of the claim under par. (b) exceeds the tax otherwise
24 due under s. 71.02, the amount of the claim not used to offset the tax due shall be
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9 2., veterans and surviving spouses property tax credit under s. 71.07 (6e), enterprise
10 zone jobs credit under s. 71.07 (3w), earned income tax credit under s. 71.07 (9e),
11 estimated tax payments under s. 71.09, and taxes withheld under subch. X.

12 **SECTION 5.** 71.21 (4) of the statutes is amended to read:

13 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
14 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3h), (3n), (3p), (3q), (3s), (3t), (3w), (5e), (5f),
15 (5g), (5h), (5i), (5j), and (5k) and passed through to partners shall be added to the
16 partnership's income.

17 **SECTION 6.** 71.26 (2) (a) 4. of the statutes is amended to read:

18 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
19 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3g), (3h), (3n), (3p), (3q), (3t), (3w), (5e),
20 (5f), (5g), (5h), (5i), (5j), and (5k) and not passed through by a partnership, limited
21 liability company, or tax-option corporation that has added that amount to the
22 partnership's, limited liability company's, or tax-option corporation's income under
23 s. 71.21 (4) or 71.34 (1k) (g).

24 **SECTION 7.** 71.28 (3q) of the statutes is created to read:

25 71.28 (3q) JOBS TAX CREDIT. (a) *Definitions.* In this subsection:

1 1. "Claimant" means a person certified to receive tax benefits under s. 560.2055
2 (2).

3 2. "Eligible employee" means an eligible employee under s. 560.2055 (1) (b) who
4 satisfies the wage requirements under s. 560.2055 (3) (a) or (b).

5 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
6 560.2055, for taxable years beginning after December 31, 2011, a claimant may claim
7 as a credit against the taxes imposed under s. 71.23 any of the following:

8 1. The amount of wages that the claimant paid to an eligible employee in the
9 taxable year, not to exceed 10 percent of such wages, as determined by the
10 department of commerce under s. 560.2055.

11 2. The amount of the costs incurred by the claimant in the taxable year, as
12 determined under s. 560.2055, to undertake the training activities described under
13 s. 560.2055 (3) (c).

14 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option
15 corporations may not claim the credit under this subsection, but the eligibility for,
16 and the amount of, the credit are based on their payment of amounts under par. (b).
17 A partnership, limited liability company, or tax-option corporation shall compute
18 the amount of credit that each of its partners, members, or shareholders may claim
19 and shall provide that information to each of them. Partners, members of limited
20 liability companies, and shareholders of tax-option corporations may claim the
21 credit in proportion to their ownership interests.

22 2. No credit may be allowed under this subsection unless the claimant includes
23 with the claimant's return a copy of the claimant's certification for tax benefits under
24 s. 560.2055 (2).

1 (d) *Administration*. 1. Subsection (4) (e), (g), and (h), as it applies to the credit
2 under sub. (4), applies to the credit under this subsection.

3 2. If the allowable amount of the claim under par. (b) exceeds the tax otherwise
4 due under s. 71.23, the amount of the claim not used to offset the tax due shall be
5 certified by the department of revenue to the department of administration for
6 payment by check, share draft, or other draft drawn from the appropriation account
7 under s. 20.835 (2) (bb).

8 **SECTION 8.** 71.30 (3) (f) of the statutes is amended to read:

9 71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28
10 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
11 s. 71.28 (2m), dairy manufacturing facility investment credit under s. 71.28 (3p), jobs
12 tax credit under s. 71.28 (3q), enterprise zone jobs credit under s. 71.28 (3w), film
13 production services credit under s. 71.28 (5f) (b) 2., and estimated tax payments
14 under s. 71.29.

15 **SECTION 9.** 71.34 (1k) (g) of the statutes is amended to read:

16 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
17 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),
18 (3h), (3n), (3p), (3q), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), and (5k) and passed
19 through to shareholders.

20 **SECTION 10.** 71.45 (2) (a) 10. of the statutes is amended to read:

21 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
22 computed under s. 71.47 (1dd) to (1dx), (3h), (3n), (3p), (3q), (3w), (5e), (5f), (5g), (5h),
23 (5i), (5j), and (5k) and not passed through by a partnership, limited liability company,
24 or tax-option corporation that has added that amount to the partnership's, limited

1 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k)
2 (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

3 **SECTION 11.** 71.47 (3q) of the statutes is created to read:

4 **71.47 (3q) JOBS TAX CREDIT.** (a) *Definitions.* In this subsection:

5 1. "Claimant" means a person certified to receive tax benefits under s. 560.2055
6 (2).

7 2. "Eligible employee" means an eligible employee under s. 560.2055 (1) (b) who
8 satisfies the wage requirements under s. 560.2055 (3) (a) or (b).

9 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
10 560.2055, for taxable years beginning after December 31, 2011, a claimant may claim
11 as a credit against the taxes imposed under s. 71.43 any of the following:

12 1. The amount of wages that the claimant paid to an eligible employee in the
13 taxable year, not to exceed 10 percent of such wages, as determined by the
14 department of commerce under s. 560.2055.

15 2. The amount of the costs incurred by the claimant in the taxable year, as
16 determined under s. 560.2055, to undertake the training activities described under
17 s. 560.2055 (3) (c).

18 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option
19 corporations may not claim the credit under this subsection, but the eligibility for,
20 and the amount of, the credit are based on their payment of amounts under par. (b).
21 A partnership, limited liability company, or tax-option corporation shall compute
22 the amount of credit that each of its partners, members, or shareholders may claim
23 and shall provide that information to each of them. Partners, members of limited
24 liability companies, and shareholders of tax-option corporations may claim the
25 credit in proportion to their ownership interests.

1 2. No credit may be allowed under this subsection unless the claimant includes
2 with the claimant's return a copy of the claimant's certification for tax benefits under
3 s. 560.2055 (2).

4 (d) *Administration.* 1. Section 71.28 (4) (e), (g), and (h), as it applies to the
5 credit under s. 71.28 (4), applies to the credit under this subsection.

6 2. If the allowable amount of the claim under par. (b) exceeds the tax otherwise
7 due under s. 71.43, the amount of the claim not used to offset the tax due shall be
8 certified by the department of revenue to the department of administration for
9 payment by check, share draft, or other draft drawn from the appropriation account
10 under s. 20.835 (2) (bb).

11 **SECTION 12.** 71.49 (1) (f) of the statutes is amended to read:

12 71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47
13 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
14 s. 71.47 (2m), dairy manufacturing facility investment credit under s. 71.47 (3p), jobs
15 tax credit under s. 71.47 (3q), enterprise zone jobs credit under s. 71.47 (3w), film
16 production services credit under s. 71.47 (5f) (b) 2., and estimated tax payments
17 under s. 71.48.

18 **SECTION 13.** 77.92 (4) of the statutes is amended to read:

19 77.92 (4) "Net business income," with respect to a partnership, means taxable
20 income as calculated under section 703 of the Internal Revenue Code; plus the items
21 of income and gain under section 702 of the Internal Revenue Code, including taxable
22 state and municipal bond interest and excluding nontaxable interest income or
23 dividend income from federal government obligations; minus the items of loss and
24 deduction under section 702 of the Internal Revenue Code, except items that are not
25 deductible under s. 71.21; plus guaranteed payments to partners under section 707

(c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3h), (3s), (3n), (3p), (3q), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), and (5k); and plus or minus, as appropriate, transitional adjustments, depreciation differences, and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding income, gain, loss, and deductions from farming. "Net business income," with respect to a natural person, estate, or trust, means profit from a trade or business for federal income tax purposes and includes net income derived as an employee as defined in section 3121 (d) (3) of the Internal Revenue Code.

SECTION 14. 560.2055 of the statutes is created to read:

560.2055 Jobs tax credit. (1) DEFINITIONS. In this section:

(a) 1. Except as provided in subd. 2., "business" means any organization or enterprise operated for profit, including a proprietorship, partnership, firm, business trust, joint venture, syndicate, corporation, limited liability company, or association.

2. "Business" does not include a store or shop in which retail sales is the principal business.

(b) "Eligible employee" means a person employed in a full-time job by a person certified under sub. (2).

(c) "Full-time job" means a regular, nonseasonal full-time position in which an individual, as a condition of employment, is required to work at least 2,080 hours per year, including paid leave and holidays, and for which the individual receives pay that is equal to at least 150 percent of the federal minimum wage and benefits that are not required by federal or state law. "Full-time job" does not include initial training before an employment position begins.

1 (d) "Tax benefits" means the jobs tax credit under ss. 71.07 (3q), 71.28 (3q), and
2 71.47 (3q).

3 **(2) CERTIFICATION.** The department may certify a person to receive tax benefits
4 under this section if all of the following apply:

5 (a) The person is operating or intends to operate a business in this state.

6 (b) The person applies under this section and enters into a contract with the
7 department.

8 **(3) ELIGIBILITY FOR TAX BENEFITS.** A person certified under sub. (2) may receive
9 tax benefits under this section if, in each year for which the person claims tax benefits
10 under this section, the person increases net employment in the person's business and
11 one of the following apply:

12 (a) In a tier I county or municipality, an eligible employee for whom the person
13 claims a tax credit will earn at least \$20,000 but not more than \$100,000 in wages
14 from the person in the year for which the credit is claimed.

15 (b) In a tier II county or municipality, an eligible employee for whom the person
16 claims a tax credit will earn at least \$30,000 but not more than \$100,000 in wages
17 from the person in the year for which the credit is claimed.

18 (c) In a tier I county or municipality or a tier II county or municipality, the
19 person improves the job-related skills of any eligible employee, trains any eligible
20 employee on the use of job-related new technologies, or provides job-related training
21 to any eligible employee whose employment with the person represents the
22 employee's first full-time job.

23 **(4) DURATION, LIMITS, AND EXPIRATION.** (a) The certification of a person under
24 sub. (2) may remain in effect for no more than 10 cumulative years.

1 (b) 1. The department may award to a person certified under sub. (2) tax
2 benefits for each eligible employee in an amount equal to up to 10 percent of the
3 wages paid by the person to that employee if that employee earned wages in the year
4 for which the tax benefit is claimed equal to one of the following:

5 a. In a tier I county or municipality, at least \$20,000 but not more than
6 \$100,000.

7 b. In a tier II county or municipality, at least \$30,000 but not more than
8 \$100,000.

9 2. The department may award to a person certified under sub. (2) tax benefits
10 in an amount to be determined by the department by rule for costs incurred by the
11 person to undertake the training activities described in sub. (3) (c).

12 (c) The department may allocate up to \$10,000,000 in tax benefits under this
13 section in any calendar year.

14 **(5) DUTIES OF THE DEPARTMENT.** (a) The department of commerce shall notify
15 the department of revenue when the department of commerce certifies a person to
16 receive tax benefits.

17 (b) The department of commerce shall notify the department of revenue within
18 30 days of revoking a certification made under sub. (2).

19 (c) The department may require a person to repay any tax benefits the person
20 claims for a year in which the person failed to maintain employment required by an
21 agreement under sub. (2) (b).

22 (d) The department shall determine the maximum amount of the tax credits
23 under ss. 71.07 (3q), 71.28 (3q), and 71.47 (3q) that a certified business may claim
24 and shall notify the department of revenue of this amount.

1 (e) The department shall annually verify the information submitted to the
2 department by the person claiming tax benefits under ss. 71.07 (3q), 71.28 (3q), and
3 71.47 (3q).

4 (f) The department shall promulgate rules for the implementation and
5 operation of this section, including rules relating to the following:

6 1. The definitions of a tier I county or municipality and a tier II county or
7 municipality. The department may consider all of the following information when
8 establishing the definitions required under this subdivision:

9 a. Unemployment rate.

10 b. Percentage of families with incomes below the poverty line established under
11 42 USC 9902 (2).

12 c. Median family income.

13 d. Median per capita income.

14 e. Other significant or irregular indicators of economic distress, such as a
15 natural disaster or mass layoff.

16 2. A schedule of additional tax benefits for which a person who is certified under
17 sub. (2) and who incurs costs related to job training under sub. (3) (c) may be eligible.

18 3. Conditions for the revocation of a certification under par. (b).

19 4. Conditions for the repayment of tax benefits under par. (c).

20 **SECTION 9110. Nonstatutory provisions; Commerce.**

21 (1) JOBS TAX BENEFIT; EMERGENCY RULES. The department of commerce may use
22 the procedure under section 227.24 of the statutes to promulgate rules under section
23 560.2055 (5) (f) of the statutes, as created by this act. Notwithstanding section
24 227.24 (1) (c) and (2) of the statutes, emergency rules promulgated under this
25 subsection remain in effect until July 1, 2010, or the date on which permanent rules

1 take effect, whichever is sooner. Notwithstanding section 227.24 (1) (a) and (3) of the
2 statutes, the department is not required to provide evidence that promulgating a rule
3 under this subsection as an emergency rule is necessary for the preservation of the
4 public peace, health, safety, or welfare and is not required to provide a finding of
5 emergency for a rule promulgated under this subsection.

6 (2) JOBS TAX BENEFIT; ECONOMIC IMPACT REPORT. Notwithstanding sections
7 227.137 (2) and 227.138 (2) of the statutes, if the secretary of administration requires
8 the department of commerce to prepare an economic impact report for the rules
9 required under section 560.2055 (5) (f) of the statutes, as created by this act, the
10 department may submit the proposed rules to the legislature for review under
11 section 227.19 (2) of the statutes before the department completes the economic
12 impact report and before the department receives a copy of the report and approval
13 under section 227.138 (2) of the statutes.

14 **SECTION 9443. Effective dates; Revenue.**

15 (1) JOBS TAX CREDIT. The treatment of section 20.835 (2) (bb) of the statutes takes
16 effect on January 1, 2012.

17 (END)